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THE EFFECTS OF THE LEGAL MINIMUM WAGE FOR WOMEN

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Massachusetts Minimum Wage Commission.

The first minimum wage law adopted in the United States was the Massachusetts act of 1912. In the following year eight other states adopted minimum wage laws.¹ In 1915 two more states were added to the list.²

The laws of these eleven states are of three types. First, in Utah and Arkansas a uniform minimum rate for experienced women is fixed in the statute itself. Lower rates are fixed for learners and apprentices. Secondly, in the other states no minimum rate is fixed by law. In seven of these states the determination of suitable minimum wages for women in different industries is entrusted to a special commission, sometimes called a minimum wage commission and sometimes called an industrial or industrial welfare commission. These commissions are charged with the duty of fixing the minimum in each trade in accordance with the needs of the employes and the financial condition of the industry. The minimum rates thus determined by them must be paid by the employers. Thirdly, there are two states, Massachusetts and Nebraska, where minimum wages are fixed by or under the direction of commissions, but where the commissions have power only to recommend the acceptance of their determinations by employers. Enforcement of the commissions' recommendations in these states is to be secured by public opinion, and the commissions are consequently authorized to make public the names of employers who follow and who do not follow their recommendations.

In Arkansas, according to the act passed in 1915, a minimum rate of \$1.25 a day for experienced workers and of \$1 per day for inexperienced workers was established. These rates apply to women and girls in practically all occupations except those employed in cotton factories and in the gathering or preservation of fruits and

¹ California, Colorado, Minnesota, Nebraska, Oregon, Utah, Washington and Wisconsin.

² Arkansas and Kansas.

perishable farm products, and apply only to establishments employing more than three such persons. The Minimum Wage Commission is also authorized to establish rates for employes of hotels, restaurants and telephone companies, and has power to raise or lower the minimum rates in specific industries where after investigation it is found that the wage established by statute is above or below the necessary cost of living. Under these provisions of the act, special rates have been established for employes of several telephone and telegraph companies, and for inexperienced workers in retail stores. Plans for the establishment of special rates for hotel and restaurant workers are under consideration by the commission. It is reported that litigation to test the constitutionality of the statute was commenced in August, 1915, and that the law was declared unconstitutional by one of the lower state courts. No decision has as yet been rendered by the Arkansas Supreme Court.

In California the law establishing an industrial welfare commission went into effect in August, 1913. It was not, however, until April, 1916, that the commission's first wage determinations went into effect. These rates apply to women employed in canneries, both piece and time workers. The time schedule requires the payment of 16 cents an hour to experienced and 13 cents an hour to inexperienced workers. Piece workers of ordinary ability are expected to make equivalent amounts. The commission is considering the establishment in the near future of rates for women employed in mercantile establishments and in the clothing trades. According to a recent statement by Mrs. Katherine P. Edson, a member of the commission and its executive officer, it is stated that:

Not a single cannery that paid in excess of the minimum wage has lowered its wage scale, while all of the canneries which paid less than what the commission fixed as the minimum wage, have raised their pay to meet the minimum rate.

The State Wage Board of Colorado was not appointed until March, 1914, although the law establishing the board went into effect in May of the preceding year. The bill creating the board, which was practically only a two-year investigating commission, provided no adequate means or methods for the regulation of wages. The powers of this board expired on August 15, 1915. A new bill, creating a permanent commission, was passed by the legislature of 1915, but was vetoed by the governor.

A minimum wage law was passed in Kansas in 1915. Special boards have been organized to consider the establishment of minimum rates of wages and maximum hours of labor for women employed in laundries and mercantile establishments, but no wage determinations have yet been issued by the Industrial Welfare Commission.

In Massachusetts, minimum rates have been recommended for four industries, brush factories, laundries, retail stores and women's clothing factories. The recommended rates for experienced workers were $15\frac{1}{2}$ cents an hour in brush factories, \$8 a week in laundries, \$8.50 a week in retail stores, and \$8.75 a week in women's clothing factories. Lower rates were recommended for learners. The rates recommended for women's clothing factories have not yet gone into effect. Those recommended for brush factories and retail stores were generally accepted by employers, and have been in effect for two years and a half and one year respectively. The rates recommended for laundries were disregarded by employers. This caused litigation which is still pending in the state supreme court.

The Minnesota Minimum Wage Commission was established in June, 1913. In October, 1914, it issued orders providing the following minimum rates of pay for experienced women: (1) in cities of the first class (the Twin Cities), mercantile establishments, etc., \$9, manufacturing establishments, etc., \$8.75; (2) in cities of the second, third and fourth classes, mercantile, \$8.50, manufacturing \$8.25; (3) in smaller cities and towns, both mercantile and manufacturing, \$8. These orders do not apply to learners and apprentices. Before these orders became effective, a temporary injunction was issued by the Ramsey County District Court restraining the commission from enforcing its orders or performing any other official acts. The case was carried before the Supreme Court of the state and argued in January, 1915. No decision has as yet been announced.

No wage determinations have yet been made by the Nebraska Minimum Wage Commission. The members of the commission were not appointed for over six months after the law went into effect and no appropriation was made for their work until 1915 when the legislature voted the sum of \$500.

In Oregon, minimum wages were promptly prescribed by the

Industrial Welfare Commission for experienced and inexperienced women in all industries. The prescribed rates have recently been revised. The original rates were \$8.25 per week to \$40 per month for experienced workers in different industries and localities, and \$6 per week for learners. The present regulations³

provide for a minimum weekly wage rate for experienced adult women workers, ranging from \$8.25 in the smaller towns of the state to \$9.25 in certain occupations in Portland. One feature of the revised orders is a provision for a rise every four months during the year in the wage scale allowed for apprentices.

Certain Oregon employers promptly instituted a test case to determine the constitutionality of the Oregon mandatory law. This case (*Stettler v. O'Hara*) was decided by the Oregon Supreme Court in March, 1914, in favor of the constitutionality of the law. It was then appealed to the United States Supreme Court where no decision has yet been reached.

In Utah a minimum wage of \$1.25 per day for experienced adult women, 90 cents a day for adult learners and 75 cents a day for girls under 18, was fixed by law in 1913 for women and girls in all industries throughout the state. The state commissioner of labor stated in 1914⁴ that the law has increased the wages of those who most needed it, that the minimum wage has not tended to become the maximum, and that 90 per cent of the employers are satisfied with the law and its enforcement.

The Industrial Welfare Commission of Wisconsin, which is intrusted with the enforcement of the minimum wage law passed in 1913, has not yet fixed any minimum rates. It is understood to be awaiting the decision of the United States Supreme Court in the Oregon minimum wage case before taking definite action.

In Washington, practically all the industries of the state have been covered by orders which provide minimum wage rates for experienced adult women of from \$8.90 to \$10 per week and lower rates for minors and apprentices. The lowest rate for minors is \$6 per week.

The states in which the effects of the minimum wage have been most carefully studied are Oregon and Massachusetts. The United States Bureau of Labor Statistics caused an elaborate study to be

³ *Monthly Review of the United States Bureau of Labor Statistics*, Oct., 1916, p. 484.

⁴ *United States Bureau of Labor Statistics Bulletin No. 167*, pp. 75-76.

made of the effects of the minimum wage in Oregon, which was published about a year ago as Number 6, in its *Woman in Industry* series. This investigation showed, if not final results, at least certain general tendencies. The rates of pay for women as a class were found to have increased. While formerly 26 per cent of the girls under 18 received rates of less than \$6 a week, after the minimum wage went into effect less than 1 per cent were paid below this rate. Furthermore, more girls under 18 years received over \$6 a week after, than before the minimum wage was established. Among the experienced women, not only the proportion getting not less than the legal minimum, but also the proportion getting more than the legal minimum, was found to have increased. Employment was more regular than before, but the total number employed showed a falling off. The decrease in the number of women employes, however, was believed by the federal investigators to be largely accounted for by other factors than the establishment of a minimum wage, notably by the business depression which set in at about the time the minimum wage was established, and which had not passed at the time the federal investigation was made. The minimum wage did not cause the replacement of women by men, nor did it result in any decrease of the efficiency of those affected by the wage determinations. In other words, while the Oregon experience with the minimum wage at the time the federal investigation was made was not conclusive, it did show that some of the common objections to the minimum wage for women by law are without foundation.

In Massachusetts the minimum wage has now been in operation for more than two years in the brush industry and for one year in retail stores. After the minimum wage had been in operation in the brush industry for a year the commission made a careful investigation for the purpose of determining its effects. This investigation showed: (1) that the establishment of the minimum wage in the brush industry had been followed by a remarkable increase in the number of women employed; (2) that the employment of women at ruinously low rates had been practically stopped; (3) that the proportion of women employed at more than the prescribed minimum rate had greatly increased, and (4) that this had been accomplished without putting an unreasonable financial burden upon the industry. In short, the evidence showed that the establishment of a minimum wage had been followed by the desired results both in

the industry as a whole and in every individual establishment where the management had been willing to give it a fair trial.

Shortly after the minimum wage was put into effect in retail stores the commission began a similar investigation for the purpose of ascertaining the results in that industry. This investigation, which has just been completed,⁵ shows:

1. That acceptance of its recommendations concerning the wages of women and girls employed in retail stores entailed increases of wages for a greater or less proportion of such employes in nearly all retail stores except those employing women for office work only. Altogether, 90 per cent of the sixteen thousand female employes in nearly one thousand establishments covered by the commission's investigation were employed in stores where wage increases were necessary, if the commission's recommendations were to be followed.

2. That the proprietors of the larger retail stores, with few exceptions, have accepted its recommendations and are attempting in good faith to follow them. The proprietors of the smaller stores are also generally following the commission's recommendations, although the proportion of exceptions is greater than among the proprietors of the larger stores. Altogether only 6 per cent of the women and girls employed in stores covered by the commission's investigation are now receiving less than the minimum wages recommended by the commission.

3. That on or about January 1, 1916, when the commission's recommendations became effective, the wages of nearly 40 per cent of all the women and girls employed in over nine hundred stores, from which information was obtained, were raised. In stores where wages were raised in pursuance of the commission's recommendations, the percentage of wage increases was 46 per cent, in stores where the wages previously paid were not less than the minimum rates recommended by the commission, the percentage of wage increases was 20 per cent, in stores where lower wages were previously paid and where there was no attempt to follow the commission's recommendations, the percentage of wage increases was also about 20 per cent. Altogether nearly six thousand women and girls received increases of wages, more than nine-tenths of whom were employed in stores which raised wages in pursuance of the commission's recommendations.

4. That the increases of wages amounted in a majority of cases to at least a dollar a week and in many cases to two or three

⁵ Massachusetts Minimum Wage Commission, *Bulletin No. 12*. Preliminary Report on the Effect of the Minimum Wage in Massachusetts Retail Stores. Boston, 1916.

dollars or more. There were comparatively few cases in which the wages of women receiving more than the minimum rates recommended by the commission were reduced. The number of such cases, moreover, was less in proportion to the total number of employes in stores following the commission's recommendations than in those not following them.

5. That the total number of women and girls employed in those stores for which the commission obtained information covering the three years 1914, 1915 and 1916 decreased during that period by about 10 per cent. Analyzed according to occupations, the decrease was least among the saleswomen to whom the \$8.50 minimum rate recommended for experienced employes most generally applied. It was greatest among the counter-cashiers, examiners, messengers, and bundlers, comprising for the most part young and inexperienced persons. As is more fully explained in the commission's report, there are several factors besides the introduction of the minimum wage to account for the decreased employment of this class of persons.

6. That despite the decrease in their numbers the total sum paid in wages to the women and girls employed in these stores was greater in 1916 than in either of the preceding years.

7. The investigations of the committee on the minimum wage of the Boston Social Union, an abstract of whose report is appended to that of the commission, show that the total earnings in 1916 of those women and girls, who are known to have lost their positions in retail stores in consequence of the introduction of the minimum wage and to have been compelled to seek other employment, will be greater than would have been the case, had they retained their positions in the retail stores at the wages they had been receiving.

8. That in the establishments which did not raise wages in pursuance of the Commission's recommendations, over 48 per cent of the female employes were still paid lower rates than those recommended by the Commission.

Upon these findings, as set forth in full in its report, the commission bases the following conclusions:

1. That most experienced women employed in retail stores in Massachusetts are now receiving not less than the recommended rates, and that most learners and apprentices are now employed under more favorable conditions and with better prospects than ever before.

2. That no such general increase in wages as has actually occurred would have taken place but for the operation of the minimum wage law.

3. That the decrease in the total number of women regularly employed in retail stores in 1916 as compared with the preceding years was mainly produced by other causes than the introduction of the minimum wage.

4. That those whose loss of employment may be ascribed to the minimum wage are now for the most part better situated than they were in their former positions.

5. That there is no tendency for the minimum wage to become a maximum.

6. That the action of those proprietors of retail stores who have accepted the commission's recommendations, has been justified by the results, as far as now known, and that unless good reasons for not so doing be shown, their example ought to be followed without further delay by all other proprietors of retail stores.

The experience with the minimum wage in the states where it has received a fair trial seems to indicate that the good results anticipated by the original advocates of the legal minimum wage for women are being secured. It is deeply to be regretted that the enforcement of the various laws has been greatly hampered by litigation. The constitutionality of the Oregon law was first challenged more than three years ago. Though the act was sustained by the Supreme Court of the state the employers appealed to the Supreme Court of the United States for a final decision. This decision should serve as a guide to the administrators of minimum wage laws not only in Oregon but in all states which have laws of the same type. Even in Massachusetts and Nebraska, where the commissions have power only to recommend the payment of the minimum rates, the courts seem disposed to await the decision of the Oregon case before determining for themselves the constitutionality of their own statutes. The Oregon case was argued before the United States Supreme Court in December, 1914. Eighteen months passed before the Court took any action, and then in June, 1916, it ordered a re-argument of the case sometime after the presidential election. At the present writing the case has not yet been reargued. Pending a final decision by the Supreme Court, the efforts of the state commissions in most states to enforce the laws are seriously or entirely thwarted. To this long and unfortunate delay in deciding the constitutionality of the Oregon minimum wage law must be mainly ascribed the lack of more complete evidence of the practicability and wisdom of the legal minimum wage for women.